

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW IMMEDIATE

S E C R E T STATE 237186

EXDIS

E.O. 11652: GDS

TAGS: ETRD, EEWT, UR, US

SUBJECT: GRAIN/OIL NEGOTIATIONS

F: MOSCOW 14166

FOR UNDER SECRETARY ROBINSON.

1. IN RESPONSE TO YOUR REQUEST PER REFTEL, U.S. MARITIME ADMINISTRATION IS PREPARED TO CABLE SOVIET MINISTRY OF MERCHANT MARINE PROPOSING THAT THE TERMS OF LONG-TERM GRAIN AGREEMENT AND THE MARITIME AGREEMENT BE COTERMINOUS, PROVIDED THAT THE PROVISION OF THE PROJECTED MARITIME AGREEMENT, AS ALREADY PROVISIONALLY SETTLED, FOR TERMINATION OF THE MARITIME AGREEMENT ON 90 DAYS NOTICE AT THE OPTION OF EITHER PARTY REMAINS. WE HAVE RAISED QUESTION WHETHER THIS COULD MEET YOUR NEEDS. IF SO, MARAD WILL SEND SOVIETS TEXT CONTAINED PARA 2 THIS MESSAGE. IF NOT, MARAD IS RELUCTANTLY PREPARED TO ACQUIESCE IN SENDING SOVIETS THIS

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TEXT DELETING THE 90-DAY TERMINATION PROVISION. THE

REASONS WHY MARAD STRONGLY PREFERS FORMER TEXT TO LATTER TEXT, AND OPPOSES DELETION OF 90-DAY CLAUSE, ARE SET FORTH IN PARA 4 OF THIS MESSAGE.

2. THE MARITIME ADMINISTRATION PROPOSES SUBJECT TO YOUR RESPONSE TO TRANSMIT THE FOLLOWING CABLE TO I. AVERIN, HEAD, DEPARTMENT OF FOREIGN RELATIONS MINISTRY OF MERCHANT FLEET. BEGIN TEXT. IN THE CONTEXT OF THE CURRENT NEGOTIATIONS CONCERNING THE LONG-TERM GRAIN AGREEMENT, CERTAIN ISSUES HAVE ARISEN RELATING TO MARITIME MATTERS. IN ORDER TO ACCOMMODATE THE REQUIREMENTS OF THE GRAIN AGREEMENT, I P&R PROPOSE AGREEMENT ON THE FOLLOWING REVISIONS OF THE JOINT TEXT OF THE MARITIME AGREEMENT:

A. ARTICLE 11 OF THE EXISTING JOINT DRAFT IS TO BE REVISED TO READ AS FOLLOWS:

THIS AGREEMENT SHALL ENTER INTO FORCE ON JANUARY 1, 1976 AND WILL BE IN EFFECT UNTIL SEPTEMBER 30, 1981. THIS AGREEMENT MAY BE TERMINATED BY EITHER PARTY. THE TERMINATION SHALL BE EFFECTIVE NINETY DAYS AFTER THE DATE ON WHICH WRITTEN NOTICE OF TERMINATION HAS BEEN RECEIVED BY THE OTHER PARTY.

B. A NEW AGREEMENT ON MARITIME MATTERS WILL INCORPORATE THE BASIC PRINCIPLES SET FORTH IN ARTICLES 7 AND 8 AND ANNEX III OF THE EXISTING AGREEMENT ON MARITIME MATTERS BETWEEN THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE USSR SIGNED IN WASHINGTON ON OCTOBER 14, 1975.

C. RATES FOR THE CARRIAGE OF CONTROLLED BULK CARGO WILL CONTINUE TO BE ESTABLISHED BY MUTUAL AGREEMENT AS HERETOFORE UNDER ANY NEW AGREEMENT ON MARITIME MATTERS. END TEXT.

3. FYI. MARAD ADVISES THAT SOVIET SIDE INITIALLY REQUESTED 5-YEAR AGREEMENT WITH 90-DAY TERMINATION PROVISION. MARAD NEGOTIATED CURRENT TEXT PROVIDING FOR THREE-YEAR TERM.

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YEAR TERM IN MAY 1975 TALKS. END FYI.

4. WHILE DELETION OF THE 90-DAY TERMINATION B CLAUSE SET FORTH IN PARAGRAPH 2A MAY BE CONSIDERED IN ADDITION TO THE EXTENSION OF THE TERMINATION DATE OF THE AGREEMENT, THE MARITIME ADMINISTRATION STRONGLY ADVISES AGAINST SUCH AN ALTERNATIVE FOR THE FOLLOWING REASONS:

A. THE OPPORTUNITY TO REVOKE THE AGREEMENT IS THE ONLY SANCTION WITHIN THE CONTEXT OF THE AGREEMENT THAT EXISTS TO INDUCE EFFECTIVE PERFORMANCE OF ITS TERMS.

B. SINCE TERMINATION PROVISION IS THE ONLY EFFECTIVE SANCTION AND U.S. MARITIME INTERESTS ARE AWARE OF THIS FACT, THE ELIMINATION THEREOF WOULD BE VIEWED BY U.S. SHIPPING MANAGEMENT AND LABOR AS AN UNDESIRABLE AND UNCOMPENSATED CONCESSION BY THE USG.

C. THE THREAT OF INVOKING THE 90-DAY TERMINATION PROVISION IN THE EXISTING MARITIME AGREEMENT HAS, IN FACT, BEEN USED SUCCESSFULLY BY THE U.S. AS LEVERAGE TO EFFECT COMPLIANCE BY SOVIETS OF ITS TERMS. KISSINGER

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